GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:180
ANSWERED ON:16.07.2004
BANK LENDING TO SSI
Mandlik Shri Sadashivrao Dadoba;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether small scale and tiny enterprises are not getting adequate loan from the banks;

(b) if so, the reasons therefor and the details of loan provided by public sector banks to such units during 2003-04, bank-wise; and

(c) the stetps taken by the Government to ensure that the small scale and tiny enterprises get easy and sufficient loan from the banks?

Answer

FINANCE MINISTER (P. CHIDAMBARAM)

(a) to (c): A Statement is laid on the Table of the House.

Statement placed on the Table of the Lok Sabha in reply to Parts (a) to (c) of Starred Question No. 180 to be answered on 16th July,2004, regarding `Bank lending to SSI` tabled by Shri Shri S.D. MANDLIK and SHRI KIRTI VARDHAN SINGH.

(a): Reserve Bank of India (RBI) has reported that the quantum of credit to SSI Sector by the Public Sector Banks has increased in absolute terms from Rs. 49743 crores in March 2002 to Rs. 52988 crores in March 2003. However, the loans outstanding to SSI Sector as a percentag to Net Bank Credit (NBC) have declined from 12.5% to 11.1% during the same period.

(b): One of the reasons for decline in the percentage of SSI advances is the fact that the rate of growth of Bank Credit to other Sectors is higher than the growth of advances to SSI Sector. A Statement showing the amounts of NBC and SSI advances outstanding in the books of Public sector banks (Bank-wise} as at the end of March 2003 is given at Annexure.

(c): Many policy measures have been taken by Government to ensure that smallscale and tiny enbuprises get easy and adequate loans from banks. These include:

i) The requirement of collateral security for loans Upto Rs.25 lakhs subject to good track record and financial position of SSI Units has belen dispensed with.

ii) Banks have been advised to ennhance the composite loan limit from Rs. 25 lakh to Rs.50 lakh.

iii) In order to pass on the benefit of lower rates of interest to SSI Sector, Banks have been advised to adopt an interest rate band of 2 per cent above and below their PLRs for secured advances.

iv) Banks have been advised to open at least one Specialized SSI Branch in each district.

v) Banks have been advised by the RBI to fix self set target for growth in advances to SSI Sector over the previous year`s achievement and keeping in view the overall trends in growth of net bank credit.

vi) Banks are required to ensure that out of their total funds lent to SSI Sector, at least 40% should be made available to units with investment in plant and machinery upto Rs.5 lakh and 20% to units with investment in plant and machinery between Rs.5 lakhs and Rs.25 lalakhs. Thus 60% of the funds earmarked for SSI Sector should go to units in the tiny Sector.

vii) Under the Credit linked Capital subsidy Scheme (CLCSS) for Technololgy Upgradation of SSI Units, the rate of subsidy and the ceiling of loans have been enhanced from 12% to` 15% and Rs. 40 lakhs to Rs. 1 crore respectively.

ANNEXURE

Public Sector Banks - Performance of Lending to SSI Sector

Data as on March 2003.

(Rs. in crores)

S.No.	Name of the Bank	Net Bank Credit	Advances to SSI
1	Allahabad Bank	12668.92	861.34
2	Andhra Bank	10946.02	1077.32
3	Bank of Baroda	24381.12	3560.38
4	Bank of India	28960.00	3754.77
5	Bank of Maharashtra	9358.55	924.14
6	Canara Bank	35072.00	3884.00
7	Central Bank of India	22705.00	2399.58
8	Corporation Bank	9479.66	651.88
9	Dena Bank	8310.10	1377.45
10	Indian Bank	10263.64	1003.32
11	Indian Overseas Bank	14629.21	1826.03
12	Oriental Bank of Commerce	15933.55	1635.00
13	Punjab National Bank	39968.00	4789.19
14	Punjab & Sind Bank	5977.17	877.20
15	Syndicate Bank	13098.03	1087.35
16	Union Bank of India	23253.82	2668.19
17	United Bank of India	7820.00	532.00
18	UCO Bank	14850.00	1459.00
19	Vijaya Bank	7068.75	585.80
20	State Bank of India	115006.33	12392.58
21	State Bank of Bikaner & Jaipur	6722.84	1111.00
22	State Bank of Hyderabad	9741.00	968.71
23	State Bank of Indore	5183.10	712.13
24	State Bank of Mysore	4671.57	561.95
25	State Bank of Patiala	9882.00	881.00
26	State Bank of Saurashtra	4542.17	772.30
27	State Bank of Travancore	7406.87	634.10